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FISCAL IMPACT STATEMENT

LS 6618
BILL NUMBER: SB 308

NOTE PREPARED: Jan 2, 2009
BILL AMENDED:

SUBJECT: Uniform Environmental Covenants Act.

FIRST AUTHOR: Sen. Tallian
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill adopts the uniform environmental covenants act to establish rules for a perpetual interest in real estate (an environmental covenant) to regulate the use of contaminated real property transferred from one owner to another. It makes conforming amendments.

Effective Date: July 1, 2009.

Explanation of State Expenditures: This bill provides that the Department of Environmental Management (IDEM) must establish and maintain a registry that contains all environmental covenants and any amendment or termination of those covenants. The registry may also contain any other information concerning environmental covenants and the real property subject to them which IDEM considers appropriate. The registry is a public record.

The number of additional staff that might be needed would depend on the number of covenants that would be registered. An administrative assistant position would cost about \$42,000 in FY 2010. A data processing operator would cost roughly \$40,000 in FY 2010. Although it is unknown how many environmental covenants might require registration, it is presumed the electronic registry requirements could be fulfilled by using software products readily available on most state-issued computer systems. IDEM may require \$2,000 initially for an additional computer. Networking costs, however, are currently indeterminable. Estimated costs for personnel and equipment could total \$84,000.

The State Personnel Department staffing report indicated that, as of December 15, 2008, IDEM had 47 vacant positions with salaries totaling \$1.7 M. Of the 47 vacant positions, 41 have been vacant for a year or less. IDEM reverted \$5.9 M to the state General Fund and \$14.4 M in all funds in FY 2008.

The funds and resources required could be supplied through (1) authorized, but vacant, staff positions, including those positions that would need to be reclassified; or (2) funds that, otherwise, would be reverted.

Explanation of State Revenues:

Explanation of Local Expenditures: An environmental covenant and any amendment or termination of the covenant must be recorded in every county in which any portion of the real property subject to the covenant is located. A court may terminate the covenant or reduce its burden on the real property subject to the covenant. A civil action for injunctive or other equitable relief for violation of an environmental covenant may be maintained by a party to the covenant, which could include a political subdivision. These provisions could affect local expenditures by an indeterminable amount.

Explanation of Local Revenues: Counties could collect recording fees. The specific impact is indeterminable.

State Agencies Affected: IDEM.

Local Agencies Affected: Local units concerned about environmental protection.

Information Sources: Indiana State Personnel Department staffing report.

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